

LEG REG REVIEW 2008, Seventh Issue

LEG REG REVIEW is a periodic newsletter produced by PHILLIPS ASSOCIATES, a professional lobbying and consultant firm based near the State Capitol. It contains news on the legislative and regulatory scene in Pennsylvania that may be useful to insurance producers, companies, and business interests. It is a free Member Service if you belong to the Pennsylvania Association of Health Underwriters or Manufacturers Association of South Central PA. Subscription information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 FAX 717/728-1164 or e-mail xenobun@aol.com. Please email jtrout2792@aol.com supplying both your e-mail and fax numbers in order to convert this publication to e-mail. If you wish to no longer receive it, please tell us.

BUDGET HEARINGS BEGIN

Appropriations Committees in both House and Senate have begun the hearings process as legislators evaluate the Administration's budgetary priorities. For the most part, these are televised on Pennsylvania Cable Network. Some to watch:

- **Senate Appropriations:**
 - 2/26: Labor & Industry; Insurance Department
 - 2/27: Attorney General
 - 2/28: Agriculture; Health
 - 3/3: Aging; DEP
 - 3/4: DCNR, PennDOT
 - 3/5: Education; Revenue, General Services
 - 3/6: Public Welfare; DCED

- **House Appropriations:**
 - 2/26: DCED
 - 2/27: PennDOT
 - 3/3: General Services; Education
 - 3/4: DEP; DCNR; Insurance Department; Office of Health Care Reform
 - 3/5: Public Welfare; Office of the Governor

HOUSE PASSES PRACTITIONER LEGISLATION

As part of Governor Rendell's Rx for Pennsylvania, the House voted for measures expanding or clarifying the scope of practice of some of these medical 'practitioners' before the February recess. The rationale is that sometimes a practitioner can provide the necessary treatment without charging the higher doctor fee. Bills were: HB 1999 and HB 2051 permitting a physician assistant to order home health care and hospice, order durable medical equipment, order physical therapy, special diet etc.; HB 1257 establishes that the supervising dentist and the dental hygienist determine the appropriate level of supervision; HB 1867 requires that an RN to be the circulating nurse in an operating room; HB 1804 and HB 2088 replaces the term 'respiratory care practitioner' with 'respiratory therapist'.

LEGISLATIVE UPDATES

- Mortgage reform legislation, HB 2179 and House Bills 1081-1084 moved through the House Commerce Committee.
- The Senate State Government Committee moved SB 9 (Scarnati-R-Jefferson) which would force applicants for some public programs to prove legal residency in order to curb state spending on ineligible. Applicants would undergo review by the Federal Systematic Alien Verification of Entitlement Program operated by the Department of Homeland Security.

- The Conference Committee charged with bridging differences between differing House and Senate smoking bans (SB 246) held an open meeting which identified several key areas to resolve.
- Reportedly, the House Finance Committee is looking at House Bill 2131, a proposal to increase PA's two-cent insurance premium tax to 2.5% and earmark twenty percent of taxes paid by non-resident insurance companies to the Pennsylvania Employee benefit Trust Fund (PEBTF) for eligible volunteer firefighters.
- The House Republican Policy Committee was the latest legislative entity to hold a hearing on the proposed Independence Blue Cross/Highmark merger.

NAIC CITES TOP INSURANCE COMPLAINTS FOR 2007

The National Association of Insurance Commissioners (NAIC) released its annual study of 'closed' insurance complaints from insurance departments to the national Complaint Database System. 222,814 complaints were reported in 2007, a 3.6 percent decrease from the year before. The top types of complaints dealt with: Delays, Denials, Unsatisfactory Settlement Offers; Cancellations, and Premiums/Ratings.

Top five complaints by type of coverage were: Accident & Health; Auto; Homeowners; Life/Annuity, and Commercial Multi-Peril,

Regulatory Updates

- Nominated to be Secretary of Labor & Industry is current Deputy Secretary Sandy Vito. She has won praise by business groups such as the Manufacturers Association of South Central PA (MASCPA) for her work in workforce development and job training programs.
- Workers Compensation Security Fund contributions will not be needed from insurers because the Fund's balance is above the \$ 500 million threshold. (Notice 2008-4)
- The Workers Compensation loss cost filing has been approved, effective April 1, 2008. Although seeing a reduction of 10.22%, that number will vary depend on occupational code. Details: www.pcrb.com.

DEPARTMENT ISSUES 2008 REGULATORY AGENDA

The PA Insurance Department listed regulations that it wants to complete in 2008. One would set new standards for insurance producers and one would impose certain Continuing Education requirements, presumably to those producers marketing long-term care insurance. Changes in Evidence of Financial Responsibility rule is being examined as is repeal of numbers of P/C filing rules that the Department says are obsolete.

There are two life insurance rules being contemplated for adoption. First is NAIC Model Regulation 822 requiring all life insurance companies and fraternal societies to submit actuarial opinions based on an asset adequacy analysis commonly known as "Section 8 options". Second is adoption of a new NAIC model in response to Congress' direction in Section 9 of the Military Personnel Financial Services Protection Act. Details: Peter Salvatore 717/787-4429

RENDELL ISSUES HEALTH EQUITY ORDER

Governor Ed Rendell issued Executive Order Number 2007-04 creating the Office of Health Equity within the Department of Health. As part of his Prescription for Pennsylvania, the Office did not need legislative authorization. According to the Notice, this Office is based on the assumption that there are disparities in the quality of health treatment by gender, race, geographic location and /or sexual orientation. Its mandate is to document these perceived disparities and coordinate Commonwealth programs to eliminate these disparities. The Order is effective immediately.